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Canadian-American Defense Planning

BY WILLIAM P. MADDOX

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Canadian-American Defense Planning

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FOLLOWING a two-day conference between Canadian Prime Minister Mackenzie King and President Roosevelt at Hyde Park on November 1-2, it was announced that the two Executives had agreed to set up a Joint Defense Production Committee "to coordinate the capacities of the two countries for the production of defense matériel."¹ Thus, under the stress of mobilizing their resources for continental defense and overseas aid, Canada and the United States have added a fourth intergovernmental agency to those already engaged in joint military and economic planning, namely the Permanent Joint Board on Defense, the Materials Coordination Committee, and the Joint Economic Committees. In addition to this formal collaboration, a wide area of direct administrative liaison has been created by the expansion of representation in Washington, and the extensive growth of informal contacts between officials of the two governments. Conversations between the Executives of the two governments on common defense problems had started in 1937, but the effective stimulus for this coordinated activity was provided by the beginning of the Battle of Britain in the summer of 1940, when North Americans for the first time became aware of the extent to which their destiny depended on the turn of the war in Europe. Since the spring of 1941, the two countries have developed policies of economic integration which entailed joint planning of governmental action on an even broader scale. The total structure of official Canadian-American relations (which includes several other joint administrative bodies

1. *The New York Times*, November 6, 1941.

1a. See F. R. Scott, *Canada and the United States* (Boston, World Peace Foundation, 1941), pp. 74-77.

2. For the history of Canadian-American relations, see Hugh L. Keenleyside, *Canada and the United States* (New York, Knopf, 1929), and J. M. Callahan, *American Foreign Policy in Canadian Relations* (New York, Macmillan, 1937). See also J. F. Green, "Canada in World Affairs," *Foreign Policy Reports*, July 1, 1938.

3. An exception must be made of French Canada. For its position in Canadian life, see I. F. Fraser, *The Spirit of French Canada* (New York, Columbia University Press, 1939), and Georges Vattier, *Essai sur la Mentalité Canadienne-Française* (Paris, Librairie Ancienne Honoré Champion, 1928).

of long standing) is still in a stage of growth, but it warrants examination on two counts: first, because of its bearing on the effectiveness of defense production in the two countries; and second, because it has implications of great significance for any program of post-war reconstruction, whether such a program be planned to include only Canada and the United States or, on vaster planes, Great Britain and the British Commonwealth as a whole, Pan-America, or all nations.^{1a}

Current Canadian-American cooperation rests on a broad and solid base. Except for occasional irritations, relations between the two countries have created a strong tradition of friendliness and good will.² The patterns of life of the two nations, stemming from a common cultural tradition,³ in turn shaped by a parallel series of geographical conditions,⁴ are markedly similar. Close economic bonds have created a sense of interdependence. In 1937 four billion American dollars were invested in Canada, and one billion Canadian dollars here. The United States is Canada's most important foreign market and source of imports; in turn, Canada is the largest supplier and second best customer of the United States,⁵ exceeding in importance the whole of South America. The powerful impact of American movies, radio programs, periodicals, sports, food products, and mechanical appliances, and the million-fold ties of family and friendship resulting from the ease of migration (excepting for the past decade), and

4. The north-south geographic links of the Maritime Provinces and New England, Ontario and the New York-Ohio region, the wheat-belt and prairie lands, and the Pacific Coast areas provide more natural ties than those which run east and west across either country, except for the St. Lawrence-Great Lakes basin. It should be remembered, also, that nine-tenths of Canada's population live within 200 miles of the United States boundary. F. H. Soward, and others, *Canada in World Affairs: The Pre-War Years* (London, Oxford University Press, 1941), p. 6.

5. In 1939 United States' exports to Canada amounted to \$489,103,000; and imports from Canada to \$339,956,000. U.S. Department of Commerce, *Foreign Commerce and Navigation of the United States for the Calendar Year 1939* (Washington, Government Printing Office, 1940), p. xiv. This trade constituted 62.7 per cent of Canada's imports, and 40.6 per cent of its exports. *Canada Year Book*, 1940 (Ottawa, King's Printer, 1940), p. 515. For investments, see 1941 edition, pp. 797-98.

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travel have created a strong community of interests between the two peoples.⁶ It is true that Canada has political, economic and sentimental attachments to Great Britain and the British Commonwealth, and Canadians sometimes express concern lest too close arrangements with the United States may impair these associations.⁷ For the most part, however, Canadians have accepted the duality of their relationship to Britain and the United States cheerfully and willingly. So long as the two larger powers remain friendly collaborators, in peace as well as in war, Canada's position involves no insuperable difficulties.⁸

The mutual confidence which has developed between the United States and Canada over a period of years has facilitated the creation and successful operation of a series of permanent, as well as temporary, joint commissions for the handling of problems of common concern. The proven practicality of these bi-national agencies has such an important bearing on defense planning that they deserve to be noted. The parent of them all is the International Joint Commission, set up in 1910, which has settled a number of disputes involving the use of boundary waters, and has acted as an investigatory body in other matters involving rights and interests along the common frontier. Composed of three Americans and three Canadians, the Commission has worked in such harmony that, according to the Canadian secretary, it has only once voted on strict national lines and that was over a matter of procedure.⁹ Other Canadian-American agencies which are available, or operative, today are: a Permanent International Commission for the conciliation of disputes;¹⁰ a Boundary Commission; three regulatory, or advisory, fishery commissions—the International Fisheries Commission (for the north Pacific halibut

6. John MacCormac, *Canada: America's Problem* (New York, Viking, 1940), ch. 8.

7. Professor Scott, of McGill University, remarks, however, that "the Commonwealth provides the Sunday religion, North America the week-day habits, of Canadians." F. R. Scott, *Canada Today* (London, Oxford University Press, 1939), p. 109.

8. "The theoretical contradiction between our geographical position and our historic connection with the Empire has always existed; the chances of its becoming a political issue have declined as Anglo-American amity has advanced." R. G. McKay, "Canada and the Balance of World Power," *Canadian Journal of Economic and Political Science*, May 1941, p. 239. See also McKay and E. B. Rogers, *Canada Looks Abroad* (London, Oxford University Press, 1938), ch. XVII.

9. Lawrence J. Burpee, *Good Neighbors* (Toronto, Canadian Institute of International Affairs, Contemporary Affairs Series, No. 4, 1940), p. 7. On good authority, it may be said that nearly every one of the other joint agencies between the two countries has had a somewhat similar experience.

10. Ratifications of a convention for the establishment of this Commission, a replica of the Bryan conciliation commissions, were exchanged on August 13, 1941. United States, *Department of State Bulletin*, August 16, 1941, pp. 141-42.

but industry), the International Pacific Salmon Fisheries Commission, and the Board of Inquiry for the Great Lakes Fisheries;¹¹ two separate national commissions which have collaborated on the investigation of the proposal for the construction of a highway to Alaska across western Canada; and joint committees for the consideration (in 1940-1941) of certain aspects of the St. Lawrence River power and navigation development project.¹²

Within this framework of Canadian-American relationships, the wartime expansion of intergovernmental contacts and action assumes the appearance of a natural development in a time of common emergency. As will be shown in this report, nothing fundamentally new in the way of bi-national administrative machinery has been created. The two basic forms of direct administrative liaison and joint committees represent well-established procedures in the relations of the two countries. But in the defense and industrial mobilization phase, they have been extended into fields more important and comprehensive than those normally encompassed. Moreover, behind this formal façade of Canadian-American contacts are living tissues and processes which tend, within their several areas, to blend together two great national administrations. The two governments have common objectives—the security of North America and the production of vast and increasing war supplies for the forces fighting Nazi Germany. As a result, the somewhat clumsy administrative apparatus available to two independent nations is invigorated, and converted into a working instrument of coordination.

Detailed description of every aspect of these procedures is not possible with the material at present available. This report, however, will attempt to bring out the high lights of Canadian-American defense planning.

DIRECT ADMINISTRATIVE LIAISON

FIXED DEPARTMENTAL REPRESENTATION ABROAD. Diplomatic representatives between the United States and Canada have been regularly exchanged ever since 1927, although official relations extend back to World War I. In February 1918 a separate Canadian War Mission was established in Washington "to provide for the necessity of frequent

11. See for the first two: Canada, *Tenth Annual Report of the Department of Fisheries* (Ottawa, 1940), pp. 17-21. For the third fishery commission, see United States, *Department of State Bulletin*, March 2, 1940, pp. 273-75.

12. See *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development* (Ottawa, 1941); for the joint report, see the document entitled *St. Lawrence Deep Waterway, International Rapids Section* (Ottawa, 1941). See United States, *Department of State Bulletin*, March 22, 1941, pp. 301-30.

and prompt communication and negotiation in the numerous and important matters affecting Canada's participation in the war."¹³ The chairman of this mission, Lloyd Harris, was empowered to represent the Canadian Cabinet and the heads of the various departments in negotiations with the heads of corresponding departments in Washington. The Mission was dissolved shortly after the conclusion of the war, but one of its Canadian members was thereupon attached to the British Embassy in Washington to handle Canadian affairs until a separate legation was established.

Since Canada's entrance into the present war in September 1939, the staff of the Canadian Legation in Washington has been expanded until today it comprises fifteen officials with diplomatic standing, under a Minister and a Minister-Counsellor, and including the various attachés. In spite of the increase of representation in Washington by other departments of the Canadian government, the work of the Department of External Affairs as carried on through the diplomatic channel has been vastly enlarged by the press of business connected with the war and military production. External Affairs shares with other departments in the appointment of the five attachés and three assistant attachés, facilitates the establishment of other departmental contacts between Ottawa and Washington, maintains a liaison with the International Joint Commission, holds the secretaryship of the Permanent Joint Board on Defense, and is represented by an "occasional" member and a liaison officer on the Joint Economic Committees. It thus interlocks with most of the official contacts between the United States and Canada, and within certain areas serves as a clearing center.

The posts of the three service attachés and their assistants (army, navy and the air) were created in 1940, and that of the commercial attaché in 1941. They serve primarily as channels for the interchange of information and advice between their respective departments in Ottawa and the corresponding departments (except for the air attaché) in Washington.

The office of the financial attaché, set up early in 1941, is a less common development in foreign representation. The United States government has no equivalent official in Ottawa. But the Canadian foreign exchange problem has hinged so directly on relations with the American economy since the outbreak of war that it required special attention. In normal times, Canada met its payments on the excess of its imports from, over exports to, the United States by the surplus sterling available from

its sales to England. The war reduced, and has now practically wiped out, the possibility of obtaining free sterling, and deficits in Canada's trade with the United States have been difficult to meet. According to the Canadian Minister of Finance on April 29, 1941, the shortage amounted to \$475 million Canadian in the approximately eighteen months of war up to March 31, and was expected to reach a corresponding figure in the ensuing twelve months.¹⁴ Since the financial problem affected nearly every phase of Canadian-American defense efforts, the need for continuing liaison between the Department of Finance and the Foreign Exchange Control Board of Ottawa, and the Department of the Treasury and the Federal Reserve Board of Washington soon became apparent. The appointment of the financial attaché met this need to a certain extent, but the Joint Economic Committees as well as the special relationships of the Bank of Canada with the Federal Reserve Board have also become indispensable.

The posts of the Canadian Legation attachés may become permanent. The Washington office maintained by the Department of Munitions and Supply, however, is less likely to endure beyond the war period but, for the time being, it constitutes the most elaborate single Canadian departmental representation in the capital. Under the supervision of a Director General, the staff maintains close relationships with various United States defense agencies, notably the Office of Production Management and the War and Navy Departments, in considering production, negotiating the procurement of materials for Canadian military needs, and gearing Canadian supplies to American industrial requirements. Several agencies under the Ottawa Department of Munitions and Supply (or under the control of its Minister) operate directly within their respective fields through designated staff members known as Directors.¹⁵ The Director of Controls is in charge of three branches: machine tools, licenses and permits, and priorities. The last-named is engaged in obtaining the requisite permits for the allocation of United States materials and manufactured products vital to the Canadian war efforts. The Technical Director of Army Procurement works in close harmony with American army authorities in matters of design, specification and procurement which are of common interest to the two countries. The Director of the Steel Division is pri-

14. Quoted by Louis Rasmovsky, "Foreign Exchange Control: Purposes and Methods," in J. F. Parkinson, ed., *Canadian War Economics* (Toronto, University of Toronto Press, 1941), pp. 120-21.

15. Organizational changes have occurred from time to time. The set-up described here took effect late in the summer of 1941.

13. Canada, *Report of the Secretary of State for External Affairs for the Year Ending March 31, 1918* (Ottawa, 1919), p. 4.

marily concerned with the procurement of the steel necessary for Canada's expanding shipbuilding program. A fourth official—the Director of United States Purchasing—is responsible for all purchasing administration, visits and inspections, and statistics. A field office is maintained in New York. In addition, this Director controls the important Aircraft Branch, which specializes in providing for the needs—particularly engines—of the Canadian aircraft industry. Finally, two quasi-government corporations maintain agents: War Supplies, Ltd., to facilitate United States purchases in Canada of aluminum, nickel, zinc, and manufactured materials, as generally envisaged under the Hyde Park Agreement; and the Citadel Merchandising Co., Ltd., to deal with Canadian machine tools requirements.

This Washington office of the Department of Munitions and Supply, which maintains private telephonic communication with the head office in Ottawa and is in constant touch with American agencies, is a vital link in the coordination of Canadian-American defense production.

Into this series of Canadian-American arrangements in Washington are interwoven important connections with other national governments. On the one hand, the United States and the Latin American republics maintain the Inter-American Financial and Economic Advisory Committee and various other bodies providing for hemispheric collaboration. Since Canada does not participate in regular Pan-American activities¹⁶ and maintains resident diplomatic posts only in Brazil and Argentina (beginning in the summer of 1941), Washington serves Canada as a potential link with inter-American defense and economic planning.

On the other hand, Canada, as a member of the British Commonwealth, and as an ally of Great Britain in the war, maintains close cooperation with British authorities. The United States government must do the same in carrying out the provisions of Lease-Lend legislation. Various heavily staffed British agencies have been set up in Wash-

16. Canada is not a member of the Pan American Union. The question has been much debated in Canada in recent years, and although there is support for adherence to the Union, the following objections have been raised: that Canada is not a republic, that it is a member of the British Commonwealth and, more particularly in the early days of the war, that Canada was a belligerent while the American states (at Havana) were engaged in setting up neutrality regulations. The Canadian government first accepted an invitation to attend an official Pan-American gathering—the Inter-American Travel Congress—in San Francisco in April 1939, but for a decade Canada has taken part in regional conferences on postal matters, labor (the I.L.O.), and radio. The *Manchester Guardian* is quoted as saying on January 13, 1939 that Canada was "too North American to take a stand on the Czechoslovakian issue; too British to take part in the Pan-American Conference," Soward, *Canada in World Affairs: The Pre-War Years*, cited, p. 22. See also P. E. Corbett, "Canada in the Western Hemisphere," *Foreign Affairs*, July 1941.

ington to arrange for the procurement and transfer of war materials, and these agencies provide an interlocking connection with both the United States government and the Canadian departmental representatives.¹⁷ Notable among these are the British Purchasing Commission, the British Merchant Shipping Commission, the British Air Mission, and the British Food Mission. The heads of the chief British agencies constitute the British Supply Council, on which the Director General of the Washington office of the Department of Munitions and Supply (as the representative of the Minister) sits in an advisory capacity. Other British agencies are maintained in Ottawa, dealing chiefly with the problems of the ordering, production, inspection and transport of Canadian war materials, but the channels established in Washington form an important part of Canadian-British liaison. The administrative operations of the British government impinge at so many points on Canadian-American relations that the outlines of a triangular structure of wartime collaboration are rapidly emerging.

So far as the Canadian departments represented in Washington are concerned, frequent meetings of their leading officials are held to facilitate more efficient planning of Washington activities. But where seven departments now operate in place of one a little more than a year ago, clear demarcations of activities and lines of communication, both with Washington and Ottawa agencies, are not always possible. Overlapping of effort is occasionally noticeable between the virtually independent offices of Munitions and Supply, and those of the Legation and its attachés. Many contacts are also maintained between the two governments by informal communication or *ad hoc* conferences—involving many other departments—and it is difficult, if not impossible, to avoid all the pitfalls of duplicative actions. Nevertheless, the problem has been very largely adjusted through the coordinating facilities of the Legation, and never exceeded the dimensions of that which might have been created by any emergency administrative set-up.

Representation of the United States government in Ottawa has been expanded since the outbreak of war by the addition of a diplomatic secretary, military and naval attachés (and their respective assistants for air), and an agricultural attaché, besides minor officials. In addition, at the end of 1940, eighty-nine consular officials were serving in twenty-one Canadian cities. (Canada has trade commissioners in three American cities.) Since in the realms of finance and armament production

17. National Planning Association, *United States Cooperation with British Nations* (Washington, Planning Pamphlet No. 6, August 1941), pp. 5-10.

Canada is in a position of greater relative dependence than the United States, it is natural that its government should come to Washington in quest of adjustment and aid rather than that the United States government should go to Ottawa. Thus Canadian departmental representation in the American capital is more extensive and comprehensive than that of the United States in Ottawa.

AD HOC CONFERENCES AND INFORMAL CONSULTATION. The centers of Canadian government and economic life are geographically closer to Washington than those of any other country. Hence, there is no need to depend entirely on formal intergovernmental relations. The interlacing of a multitude of continuous informal contacts between corresponding agencies and officials of the two capitals achieves a volume and intricacy which cannot be described in detail today; but it gives Canadian-American defense coordination a living, organic quality that is indispensable to successful functioning.

Officials travel from one capital to the other, or, more frequently, telephone, to seek or give advice, to confer and reach agreement on common procedures, to consult on plant and ordnance, or to compare administrative practices. A good example is afforded by the relationships which exist between the agencies of both governments concerned with the control of commodity prices and supplies. Such control has become indispensable to the effective shifting of production from peacetime to wartime purposes. Repercussions of price movements in one country on those in the other require constant official attention. Until recently, Canada had not instituted a formal price-fixing policy (except as regards a few commodities for brief periods), but had depended on close surveillance and persuasive controls exercised by a number of agencies. Beginning on November 17, however, a maximum price ceiling will be set on all commodities, using the price levels of the period from September 15 to October 11 as a base.¹⁸ The vast administrative machinery necessary to enforce this policy will be established under the supervision of the Wartime Prices and Trade Board¹⁹ which, through a series of Administrators, already watches over price movements and supplies of the necessities of life (rent, food and clothing). Liaison will be maintained with other established commodity-control agencies, notably the

18. *The New York Times*, October 19, 1941.

19. *The Financial Post* (Toronto), October 25, 1941. Reports have circulated that, in instituting this new policy, the Canadian government did not engage in adequate preliminary conversations with American officials, as has been customary. Considerable difficulty may be encountered in enforcing maximum prices on a general scale in Canada when no such sweeping control has yet been set up in the United States.

dozen Controllers (dealing with various materials entering into war production) of the Department of Munitions and Supply, who together constitute the Wartime Industries Control Board. An interlocking membership has for some months existed between this Board and the Wartime Prices and Trade Board.²⁰ The ramifications of this administrative structure will require in the future, even more than in the past, close working arrangements between Canadian officials and the various divisions of the Office of Production Management and the Office of Price Administration, as well as other agencies in Washington.

Shipping and railway transport problems, standardization of ordnance, banking policies, and even problems of unemployment insurance (for workers employed across the boundary) are only other examples of matters that require constant consideration and adjustment in the functioning of two great national administrations working for a common purpose. Nevertheless, these informal contacts do not embrace all activities and cannot in themselves insure the two countries against divergent policies. More formal institutional liaison is required to develop effective coordination.

FORMAL JOINT COMMITTEES

It has already been pointed out that Canada and the United States have acquired considerable experience in the use of joint intergovernmental committees. Their functions have included the adjustment of certain classes of disputes, administrative regulation, and the investigation of specific problems, or projects.

The three agencies which have been created within the past fifteen months for the more effective coordination of Canadian-American defense mark, however, a more advanced state in institutional development between the two countries. To single out the two most important—the Permanent Joint Board on Defense, and the Joint Economic Committees—there now exist bodies with a much broader advisory, or planning, competence, covering a comprehensive area of strategic and economic problems of common concern. Both, it may be noted, are clearly designed to outlast the war and, perhaps, become a fixed feature of Canadian-American relationships. The third agency, the Materials Coordination Committee, has a more limited function.

(i) **THE PERMANENT JOINT BOARD ON DEFENSE.** Although the Defense Board was a direct and immediate product of the North Atlantic crisis existing in the summer of 1940, it was in a real sense the culmination of a series of conversations carried on between President Roosevelt and Prime Min-

20. *Toronto Globe and Mail*, August 30, 1941.

ister King beginning at the White House in March 1937. In an account of the Ogdensburg agreement presented to the Canadian House of Commons,²¹ Mr. King indicated that these preliminary discussions on coastal defense were continued on September 30, 1937 when the President visited Victoria, B.C., and that they led to consultations regarding Pacific Coast problems between staff officers at Washington in January 1938. "I think I may say," Mr. King added, "that on every occasion on which I have visited the President in the United States, or on which I have met the President on his visits to Canada, matters pertaining to the defense of this continent have been the subject of conversation between us."

The year 1938, in which the staff conversations on Canadian-American defense first took place, was noteworthy in the relationships of the two countries. In the forefront of the picture was the continuing close understanding of the two political chiefs. During the course of the year, the St. Lawrence investigations were reopened, the Alaska Highway committees were set up, a new trade agreement was negotiated (and signed in November), Canada for the first time accepted an invitation to a formal Pan-American conference and, on August 18, at Kingston, Ontario, President Roosevelt made this momentous announcement: "The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire."²²

This declaration was widely hailed on both sides of the boundary as signifying an extension of the Monroe Doctrine to Canada. It remained true, nevertheless, that stark geographical and technological facts had for many years compelled the United States government to develop the principles of strategy involved in the Kingston statement. War-clouds in the Pacific and in the Atlantic hastened an overt declaration.

Again, in November, Mr. King went to Washington and, in return, the President paid a visit to the Prime Minister in Canadian waters off the Atlantic Coast in the summer of 1939. This latter visit also, according to Mr. King's report of Mr. Roosevelt's subsequent remarks, was occasioned by the President's interest in the problem of coastal defense. One more exchange of views took place at Warm Springs, Georgia, in April 1940.

When the President next met the Canadian Prime Minister—at Ogdensburg, New York, on Au-

gust 17, 1940—it seemed entirely possible that Germany might be in command of the British Isles, the British fleet, and the North Atlantic before many months had elapsed. On the other side of the world, Japan, under a new Premier, was moving swiftly towards a militant Axis orientation. Against this ominous background, the two executives prepared the following joint statement which was issued to the press on August 18:

"The Prime Minister and the President have discussed the mutual problems of defense in relation to the safety of Canada and the United States.

"It has been agreed that a Permanent Joint Board on Defense shall be set up at once by the two countries.

"This Permanent Joint Board on Defense shall commence immediate studies relating to sea, land, and air problems including personnel and matériel.

"It will consider in the broad sense the defense of the north half of the Western Hemisphere.

"The Permanent Joint Board on Defense will consist of four or five members from each country, most of them from the services. It will meet shortly."²³

Members of the Defense Board were announced on August 22. A civilian chairman was named for each national section (Mayor Fiorello H. LaGuardia, for the United States, and Mr. O. M. Biggar, K.C., for Canada), a diplomatic officer was assigned from each country as a secretary, and the remaining members were appointed from among high ranking army, navy and air officers. The number of members, and the personnel, have varied slightly from time to time.

Almost simultaneously with the creation of the Defense Board, the British government leased defense bases in Newfoundland and Bermuda to the United States without consideration, and exchanged leases on several Caribbean bases for fifty American destroyers. The Newfoundland base, in particular, was of considerable importance in the development of Canadian-American defense arrangements. In addition, seven of the American destroyers transferred to Britain were made available to the Royal Canadian Navy. It was evident from these and other circumstances that the British-American deal carried implications of vital interest to Canada.

Since it first assembled in Ottawa on August 26, 1940, the Board has formally conferred on the average of about once a month. The place of meeting has been contingent to some extent on the necessity for first-hand inspections. For instance, in October 1940, the Board met in Boston, and then adjourned to Halifax, being engaged in the con-

21. Canada, *House of Commons Debates* (unrevised edition), November 12, 1940, pp. 64 ff.

22. United States, *Department of State Press Releases*, August 20, 1938, p. 124.

23. United States, *Department of State Bulletin*, August 24, 1940, p. 154. See also J. W. Dafoe, ed., *Canada Fights: An American Democracy at War* (New York, Farrar and Rinehart, 1941), ch. I.

sideration of the strategy and technique of North Atlantic coastal defense.²⁴ The following month, the Board assembled in San Francisco and then moved north for successive meetings in Seattle, Victoria and Vancouver, during which period Pacific defense problems were primarily considered. Other meetings have tended to alternate between Canadian and American cities.

The Board has not made public the basis on which it has undertaken the planning of common defense. The basis of planning has doubtless been modified in accordance with changing military necessities, or anticipations. At the outset, for instance, it was obvious that the Board must have considered the contingency that the control of the North Atlantic might pass from the British to the Axis fleet. Assuming that a plan for joint Canadian-American action might have been worked out to meet an immediate Axis threat to North America, it probably included the joint use of naval and air bases, closer collaboration in the operation of Canadian and American bases in Newfoundland; allocation of prime responsibilities, and provision for the strengthening of coastal and interior defenses with such forces and matériel as would be most readily available.

In addition to the over-all planning for a variety of possible conditions, a number of concrete preliminary measures are understood to have been recommended to the respective governments and put into action. A few examples made available for public reporting are the release of several hundred American tanks of the last war to the Canadian army for training purposes, the shipment of some heavy naval guns by the United States for the coastal defenses in Nova Scotia, and the construction by the Canadian government of a chain of air bases northward from Edmonton to Alaska.

As an advisory agency, the Board possesses no legal powers beyond those of making joint recommendations. But various circumstances give those recommendations such a compelling force²⁵ that the Board, in its first year at least, approached in practice the status of a joint administrative planning agency. With general agreement on objectives as reached by the executives of the two governments, the ensuing problems of strategy and

24. Following the Boston meeting Mayor La Guardia, in a dispatch to the *Toronto Globe and Mail* (October 3, 1940), was reported to have said: "The Boston-Halifax defense line shows particularly the value of Canadian cooperation in hemispheric defense. Because of the geographical set-up, Canadian coastal cities are vital points in the defense of this country. With the establishment of the Boston-Halifax line, we will be able to repel an invader 500 miles at sea. The same theory of defense will be applied to the west coast." On the strategic problems of Canadian defense, see C. P. Stacey, *The Military Problems of Canada* (Toronto, Ryerson Press, 1940).

techniques were those properly to be left to military, naval and air experts. Since these have been, for the most part, high-ranking officers in active service, who undoubtedly have maintained close contact with their respective departmental staffs, it is a natural consequence that decisions reached should receive final endorsement.

Although, to a certain extent, the Ogdensburg agreement was designed as "a precaution against the consequences of German and Japanese victory and British defeat,"²⁶ its significance runs much deeper. This is evident not only from the years of discussions which preceded it, but also from the emphasis placed on the word "permanent." The full title of the Board—the *Permanent Joint Board on Defense*—was used three times in the declaration. Quite apart from the emergency existing in the summer of 1940, here was unmistakable recognition of the fact that considerations of geography and of the changing technology of naval and aerial warfare compel a joint (possibly unified) planning of North American defense strategy, not only for the present emergency, but for an indefinite future.

Further assumptions were also implicit in the Ogdensburg statement. It assumed that it was inconceivable that the United States and Canada should oppose one another in war. It indicated that, although the United States remained technically a non-belligerent in the present war, its position in August 1940 was such as to permit active collaboration with one of the belligerents in an important phase of military planning.²⁷ Without formal commitment, there was implied an understanding almost as close as that of a defensive alliance. Here was Canada, which had been reluctant to enter the Pan American Union, and here was the United States, whose policy of Pan-American defense solidarity still fell short of *permanent* institutionalization, together taking a step which had far-reaching implications for hemisphere security.

The Permanent Joint Board on Defense, how-

25. With regard to the extent to which the Board's advice has been accepted by the two governments, Prime Minister King told the Canadian House of Commons on February 25, 1941 that "with possibly one exception, and I am not sure that that has not been dealt with, all the recommendations, so far as I am able to recall, have been approved by the administration and steps taken to carry them out." Canada, *House of Commons Debates* (unrevised edition), February 25, 1941, p. 1103.

26. J. Bartlett Brebner, "Ogdensburg: A Turn in Canadian-American Relations," *Inter-American Quarterly*, October 1940, p. 28.

27. For instance, until Congress revised the Neutrality Act in November 1941, American ships could not enter the harbor of Halifax in spite of the obvious importance of this port for defense collaboration. On the other hand, about 8 per cent of the air crew trained or in training in the R.C.A.F., and 600 instructors, are Americans. Also, nearly 10,000 American volunteers are serving in the Canadian Army. *Canada at War* (Ottawa, Office of Director of Public Information, Revised to October 1, 1941), p. 76.

ever, provided an answer to only one segment of a problem of much greater scope. It represented a model for the administrative planning of military defense which needed extension in three directions—two geographical (or political), and one functional. In the first place, there was (and is) a need for a similar permanent body, or bodies, for Pan-America, or at least for the leading Atlantic countries of the Americas. Secondly, a defense agency has not yet been set up between the United States and the United Kingdom which could cooperate closely, where necessary, with the Canadian-American Board. The defense of the North Atlantic and its outpost—the British Isles—has been recognized by the United States government as essential to the defense of the North American coasts. Canada, on its side, is a belligerent in the present war because the defense of Canada is construed to extend to Western Europe. And yet, the Ogdensburg agreement, referring to the "mutual problems of defense in relation to the safety of Canada and the United States," and proposing to "consider in the broad sense the defense of the north half of the western hemisphere," set up machinery which, on the basis of the above assumptions, is inadequate to the task without the collaboration of military and naval officials of the British government.

The third direction in which the planning provided by the Joint Board on Defense needed supplementation was in the realm of economics. The organization of modern defense involves not only questions of strategy and allocation of men and equipment, but a vast area of economic problems affecting practically every fiber of a country's life. The coordination of the productive facilities of Canada and the United States could not be undertaken by a board of military and naval officers, and separate provision had to be made for it. The answer was found in the spring of 1941.

(2) THE MATERIALS COORDINATION COMMITTEE.²⁸ The Hyde Park Declaration of April 20, which, in certain respects, led to the creation of both the Materials Coordination Committee and the Joint Economic Committees, was described by Prime Minister King as "the economic corollary of Ogdensburg," and, more than that, as "a joint agreement between Canada and the United States for aid to Britain."^{28a}

The main objective set forth in this joint declaration was the pooling of all available resources in

28. This agency is variously described, in official and unofficial releases, as: the Joint Materials Coordination Committee, the (Joint) Material Coordinating Committee, and the Matériel Coordinating Committee.

28a. Canada, *House of Commons Debates* (unrevised edition), April 28, 1941, pp. 2491, 2493. For the Declaration, see United States, *Department of State Bulletin*, April 26, 1941, pp. 494-95.

the two countries for the task of constructing their own defenses and of giving aid to the Allies. To accomplish this, it was considered necessary (1) to encourage each country to specialize in those phases of production in which it was best equipped, and (2) to expedite transfers of essential materials across the boundary. Canada, however, was faced with an acute shortage of dollars, needed to purchase American materials, and its government preferred to meet the situation out of current resources, rather than postpone the financial settlement indefinitely (as utilization of the Lease-Lend Act would imply). It was agreed to ease Canada's exchange difficulties partly by a considerable increase in American purchases of Canadian defense materials,²⁹ and partly by the device of letting the British government receive lease-lend materials in the United States, and transfer them to Canada for inclusion in products being manufactured for its account.

The Materials Coordination Committee was set up by informal agreement between the heads of the Department of Munitions and Supply (Canada) and the Office of Production Management (United States) on May 1, 1941. Its membership at present consists of Messrs. W. L. Batt, Sr., and Philip Reed, Director and Deputy Director of Materials, respectively, of the United States Office of Production Management, and Messrs. G. C. Bateman and H. J. Symington, the Canadian Metals and Power Controllers, respectively, with an American and a Canadian secretary. In general, the Committee is concerned with raw material resources available in each country for the possible wartime use of the other, being authorized to collect information, coordinate expansion of production and civilian restrictions, and lay foundations for agreements of sale or purchase. It is more concerned with facilitating specific raw material defense requirements of the two countries than with developing broad and coordinate policies—a task assigned to the Joint Economic Committees. It aims at the maximum utilization of the resources of the two countries in defense production. In addition, it places special emphasis on the expansion of American purchases in Canada of aluminum, nickel, zinc, etc., as a means of adding to the United States' supply of these metals.

29. Among the materials which Mr. King said, in his speech before the House of Commons on April 28, Canada could produce for American needs were certain types of small arms, guns, and ammunition, certain explosives and chemicals, certain armed fighting vehicles, aluminum and other metals, merchant ships, small naval vessels such as corvettes and mine-sweepers, certain types of clothing and textiles, certain leather, rubber and timber products, and certain secret devices. Canada, *House of Commons Debates* (unrevised edition), April 28, 1941, p. 2491.

(3) JOINT ECONOMIC COMMITTEES. Following the formation of the Materials Coordination Committee, action in the United States developed quickly during the next few weeks. Reports circulated that orders had been placed, or negotiations were under way to purchase Canadian corvettes, steel ingots, shells and rifle cartridges, trucks, universal gun carriers, Bofors guns, and non-ferrous metals. In addition, Congress enacted on May 31 a bill to permit vessels of Canadian registry to transport iron ore on the Great Lakes during 1941—a measure badly needed to relieve the pressure on American shipping in the Lakes—while on June 12 the Senate gave its advice and consent to an arrangement with Canada permitting the temporary diversion for power purposes of additional waters of the Niagara River.³⁰ Early in July the Metals Reserve Company, an American government corporation, contracted for 616,882,800 pounds of aluminum from the Aluminum Company of Canada, to be delivered over a period of three years.³¹

Meanwhile, on June 17, it was announced that the two governments had, as one step in the implementation of the Hyde Park Declaration, established Joint Economic Committees "to explore the possibility of a greater degree of economic cooperation between Canada and the United States." The press release said, in part:³²

"The Committees have been instructed to study and to report to their respective governments on the possibilities of (1) effecting a more economic, more efficient, and more coordinated utilization of the combined resources of the two countries in the production of defense requirements (to the extent that this is not now being done) and (2) reducing the probable post-war economic dislocation consequent upon the changes which the economy in each country is presently undergoing.

"It is the common belief of the two governments that such studies and reports should assist the governments and peoples of each country in formulating policies and actions for the better utilization of their productive capacities for the mutually greater welfare of each, both in the present emergency period and after the emergency has passed."

The personnel of the Committees reveals to some extent the intended scope of activity. On the Canadian side, the following now serve: G. C. Bateman, the Metals Controller; Professor W. A. Mackintosh, of the Department of Finance; J. G. Bouchard, of the Department of

³⁰. United States, *Department of State Bulletin*, June 14, 1941, p. 736.

³¹. *The New York Times*, July 3, 1941.

³². United States, *Department of State Bulletin*, June 21, 1941, p. 747.

Agriculture; and Alex Skelton, head of the research division of the Bank of Canada. The American appointees were William L. Batt, of OPM; Harry D. White, director of monetary research of the Department of the Treasury; Professor Alvin H. Hansen, of the Federal Reserve Board; and E. Dana Durand, of the Tariff Commission. Both the Canadian Department of External Affairs and the United States Department of State are represented by "occasional" members (H. L. Keenleyside and Adolf A. Berle, Jr., respectively) and by liaison officers (H. F. Angus, and Leroy D. Stinebower, respectively).

All of the members of the Committees are government officials, or have government connections. This circumstance created some anxiety lest too great a preoccupation with other administrative duties might not compel the members to give the work of the Committees less attention than it deserved. In practice, however, several members on both sides are devoting almost their entire time to their new assignments. Moreover, research staffs composed of competent full-time officials have been organized in both Ottawa and Washington, which maintain close working arrangements with one another. Members of each national section of the Committees confer frequently, and the Joint Committees as a whole have met on the average of once a month, sitting alternatively in the two countries.

As in the case of the Defense Board, the proceedings of the Committees are private, and no details of their recommendations have been made available for publication. In general, however, their task so far has been threefold: (1) the preparation of records of all the transactions between the United States and Canada attendant on the execution of the Hyde Park Declaration; (2) the rendering of advice on current measures for more effective coordination; and (3) the working out of a long-range program for Canadian-American economic collaboration.³³

While it is far too early to pass judgment on the effectiveness of the Committees' services, it is no exaggeration to say that their potential usefulness at present exceeds that of any other Canadian-American agency. During the period of the war, they will have the opportunity of planning a far

³³. Following its meeting on October 10-11 in New York, a press statement indicated that the questions under consideration included: the pooling of materials and manufactures for the meeting of essential Latin American requirements, the common shipping shortage, the need for coordinating priorities and civilian-goods restrictions, the provision of food for Great Britain, tariff obstructions to the movement of defense goods, transport problems on the Great Lakes, and questions of post-war reconstruction, "which are continuously under consideration by the Committees." *The New York Times*, October 12, 1941.

more effective integration of the two industrial economies than would be possible through occasional consultations between a number of departmental representatives of two governments acting independently. But even more significant is the fact that the terms of reference of the Committees include the task of recommending ways to alleviate post-war dislocations. It is evident that, if two economies pool their resources and integrate their production machines for a period of emergency which may last several years, they could not return suddenly to pre-war modes of relationship without grave and far-reaching injury. Whatever adjustment takes place, it should be only as the result of a gradual process carefully planned to avoid excessive harm to those phases of economic life in the two countries which would be the most vitally affected, and in the performance of this task the Economic Committees will bear a major responsibility.³⁴

The use of the plural form in the title of the Committees has led to much speculation. It has been suggested that the reference is to two separate national committees which have been authorized to meet together. Experience so far does not indicate that this division is of any significance. Another possibility is that the joint founders of the Committees contemplated a functional elaboration at some future date. So broad is the coverage implied in the Committees' powers of investigation that it may prove impossible to deal adequately with either the current problems or those that will arise in the post-war period. It would seem desirable that a series of sections, or subcommittees, be created to deal more specifically with such areas as agriculture, labor and immigration, raw materials, commerce and transportation, industry, and finance and currency.³⁵ An over-all control committee (jointly constituted) might then be made up of the national co-chairmen of each of these functional committees.

(4) JOINT DEFENSE PRODUCTION COMMITTEE. This twelve-man committee (six officials from each government), whose establishment by joint executive action was announced on November 5, 1941, resulted from a recommendation by the Joint Economic Committees, with which it will maintain a continuing liaison. It will undertake surveys, and suggest ways to coordinate the productive capacities of the two countries on the most efficient basis for the common defense effort, at the same time

34. A return to separate economies might indeed involve greater hardships than the maintenance of integrated economies. It is true, however, that the Canadian-American economies are not complementary; both require markets outside the North American area.

35. A permanent subcommittee on agriculture (as well as temporary ad hoc subcommittees on other subjects) has been set up.

seeking to minimize economic maladjustments in the post-defense period. Its function in the area of defense production will be similar to that of the Materials Coordination Committee in the field of primary materials.

CONCLUSION

This brief survey of the administrative contacts and institutional arrangements existing at present between the United States and Canada shows the extent to which the affairs of the governments of the two countries have become intermingled. To some extent, this is the result of a long period of development, in which factors of geography, economics and culture have contributed to bringing the two people into increasingly close contact with, and understanding of, one another. A number of joint governmental committees have also come into being over the years as a partial expression of the public confidence manifested on both sides of the boundary in the practical workability of cooperative arrangements. But the real expansion in intergovernmental collaboration has been a product of the present war, more particularly since the summer of 1940. Complete agreement between the two countries on the large purposes of constructing local and hemispheric defense, and of rendering full material aid to Britain and its Allies, has made necessary types of administrative liaison and coordination of policies which are still in process of evolving and whose significance may prove far-reaching. There is a strong probability that, before the war is concluded, other institutional innovations may be necessary.³⁶ Why, for instance, should joint operations be confined to consultations conducted at the administrative level? Certain reasons might make it desirable that joint committees of Congress and the Canadian Parliament should consult with one another in regard to broad areas of policy falling within the legislative competence.

While Canadian-American relations have achieved a high level of good-neighboringness, it is wise to recognize pitfalls that may lie ahead. In the first place, the mere accumulation of governmental machinery gives in itself no assurance that the procedure will be utilized. At the moment, coordinated activity is at a high level because of the unity of purpose, but there is no certainty that it will survive the war emergency. Secondly, despite the fact that broad new channels have been developed in intergovernmental relationships, the normal ties of social and commercial intercourse which have bound the lives of the two countries together in peacetime have been sharply disrupted. The United States

36. Steps are at present being taken, for instance, to set up a joint committee, or subcommittee, on defense production.

maintains stricter visa requirements; the requirements of Canadian foreign exchange control have wiped out the travel of Canadians for pleasure in the United States; heavy restrictions are placed on the export of income on American capital invested in Canada; and a large volume of non-essential American imports has been virtually prohibited by the War Exchange Conservation Act of December 1940. Although the Canadian government restricts the expansion of domestic production (which might have arisen to replace imports), the danger persists that vested interests may demand the continuation of a new national protectionism born of wartime conditions, and this cannot be ignored.

Moreover, the increase of governmental coordination has met, and will continue to meet, with difficulties of a political and psychological order, particularly on the Canadian side. With a population one-eleventh, and a national income about one-fifteenth that of the United States, Canada will remain in a permanently weaker political and economic position. Most Canadians, it is true, realistically accept the implications of this fact. Others are slightly resentful of American "bigness" and, remembering annexationist demands of the past, ask themselves whether Canada is not being made the object of a streamlined absorption program. Occasional expressions of concern have within the past year emerged in the pages of the *Toronto Globe and Mail*, published in a center where British imperial connections receive strong verbal support. They have also been evident in French Quebec, where a zealous regard for religious and cultural rights sometimes produces an unfavorable reaction towards suggestions of closer North American integration. The magazine *L'Action Nationale* devoted its entire June 1941 issue to the presentation of objections against any possible annexation of Canada to the United States. Moreover, in those circles which have been most concerned with efforts to build up a sense of Canadian nationalism, in opposition to North Americanism, British imperialism, and Canadian provincialism alike, misgivings are sometimes evident lest Canada's drift into the orbit of the United States become too strong to resist.³⁷

For the most part, however, Canadians have

37. Writing in 1938 Mr. S. Delbert Clark made this observation: "Canadian national life can almost be said to take its rise in the negative will to resist absorption in the American Republic. It is largely about the United States as an object that the consciousness of Canadian national unity has grown up." In H. F. Angus, ed., *Canada and Her Great Neighbor* (New Haven, Yale University Press, 1938), p. 243.

accepted the closer ties with the United States in a spirit of genuine cordiality and confidence, and this feeling has been reciprocated on the southern side of the boundary.

More fundamental, perhaps, is the question whether Canadian-American joint arrangements are intended to emphasize a North American exclusiveness to the detriment of ties which both countries have outside. The historic connections of the United States with Pan-America, and of Canada with the British Commonwealth could not, and should not, be lightly cast aside. Indeed, Canadian-American collaboration should be regarded less as an end in itself, than as a nucleus for wider associations, both in the event of full American participation in the war, as well as in the period following the war. The broader institutional arrangements, based on transatlantic, hemispheric, or some other conception of unity, might develop through a series of interlocking regional and functional committees. Such a complicated network of intergovernmental machinery would not constitute the most rational approach to the problem of building for post-war reconstruction but, in a world which is sometimes less than rational, it may prove the way of practical politics.

A further, and not necessarily inconsistent, possibility is that post-war leadership may fall on two great powers—the United States, a leader in the Pan-American system, and the United Kingdom, to which both the British Commonwealth as well as the nations of Western Europe look, or may look, for guidance. Canada would then hold a unique position in helping to link together these two great powers for, on the one hand, it is a close neighbor of the United States and a part of the Western Hemisphere, while, on the other, it is a member of the British Commonwealth and, through French Canada, culturally tied to Western Europe. More than a decade ago Winston Churchill, described this opportunity of Canada in an article in the *Saturday Evening Post* (February 15, 1930). His prophetic words are worth recalling today:

"[Canada] is a magnet exercising a double attraction, drawing both Great Britain and the United States towards herself and thus drawing them closer to each other. She is the only surviving bond which stretches from Europe across the Atlantic Ocean. . . . In fact, no state, no country, no band of men can more truly be described as the linchpin of peace and world progress."

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